

BEFORE THE PUBLIC EMPLOYEES' RETIREMENT BOARD  
OF THE STATE OF MONTANA

In the matter of the adoption of New	)	NOTICE OF PROPOSED
Rule I, pertaining to the redirection of	)	ADOPTION
certain PERS employer contributions	)	
from the defined benefit trust fund for	)	NO PUBLIC HEARING
the purposes of paying off the plan	)	CONTEMPLATED
choice rate unfunded actuarial liability	)	
to defined contribution member	)	
accounts	)	

TO: All Concerned Persons

1. On February 20, 2016, the Public Employees' Retirement Board proposes to adopt the above-stated rule.

2. The Public Employees' Retirement Board will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. If you require an accommodation, contact Public Employee Retirement Administration no later than 5:00 p.m. on January 14, 2016, to advise us of the nature of the accommodation that you need. Please contact Kris Vladic, Public Employee Retirement Administration, P.O. Box 200131, Helena, Montana, 59620-0131; telephone (406) 444-2578; fax (406) 444-5428; TDD/Montana Relay Service (406) 444-1421; or e-mail kvladic@mt.gov.

3. The rule as proposed to be adopted provides as follows:

NEW RULE I REALLOCATION OF CERTAIN PERS EMPLOYER CONTRIBUTIONS TO DCRP MEMBER ACCOUNTS (1) Pursuant to 19-3-2117, MCA, certain PERS employer contributions for employees participating in the PERS DCRP are allocated to the PERS DBRP to pay off the unfunded actuarial liability created by PERS members who elected to participate in the DCRP, otherwise known as the plan choice rate unfunded actuarial liability (PCR UAL).

(2) MPERA will reallocate those certain PERS employer contributions to each DCRP member's account starting with that member's first payday in the month following the board's verification that the PCR UAL has been fully paid off.

(3) The employer contributions will be credited to the DCRP member's account pursuant to the processes and time frames established in ARM 2.43.2114 and ARM 2.43.3532.

AUTH: 19-2-403, 19-3-2104, MCA  
IMP: 19-3-316, 19-3-2117, MCA

REASON: Chapter 170, L. 2015 recognizes that the Public Employees' Retirement System's Defined Benefit Retirement Plan's (PERS DBRP) unfunded actuarial

liability created by PERS members electing to participate in the DCRP, otherwise known as the plan choice rate unfunded actuarial liability (PCR UAL), will be fully paid off in the near future. MPERA, through its actuary, now believes that the PCR UAL will be fully paid off in the first quarter of 2016.

Section 3, Ch. 170, L. 2015 requires that all employer contributions allocated to the PCR UAL be redirected to DCRP member accounts "the first full pay period in the month following the board's verification that the plan choice rate unfunded actuarial liability is paid off." There are over 230 employers with employees participating in the DCRP and over 500 employers with PERS participants. MPERA does not track employer-specific pay periods and is therefore currently unable to identify each employer's first full pay period in any month. MPERA's IT programmers have estimated that it would take 600 hours to program all employers' pay periods, at a cost of \$66,600.

Reallocation of the applicable employer contributions to DCRP members on starting with each member's first payday in the month following board verification can be programmed in approximately 70 hours at a cost of \$7,770. Based on the employer reporting process established in ARM 2.43.2114 and the two-day window for transmittal of contributions to the record keeper pursuant to ARM 2.43.3532, the reallocated contributions will be credited to the member's account approximately seven days following the payday. The proposed reallocation would also result in the DCRP members receiving the contributions at least one payday earlier than under the "first full pay period" scenario, with no impact on the date the PCR UAL is totally paid off. Given the associated costs of both processes, the board believes it fiscally prudent and fiducially responsible to reallocate the applicable employer contributions on the first payday of the month.

4. Concerned persons may submit their data, views, or arguments concerning the proposed action in writing to: Public Employee Retirement Administration, P.O. Box 200131, Helena, Montana, 59620-0131; telephone (406) 444-3154; fax (406) 444-5428; or e-mail [mpera@mt.gov](mailto:mpera@mt.gov), and must be received no later than 5:00 p.m., January 21, 2016.

5. If persons who are directly affected by the proposed action wish to express their data, views, or arguments orally or in writing at a public hearing, they must make written request for a hearing and submit this request along with any written comments to Kris Vladic at the above address no later than 5:00 p.m., January 21, 2016.

6. If the agency receives requests for a public hearing on the proposed action from either 10 percent or 25, whichever is less, of the persons directly affected by the proposed action; from the appropriate administrative rule review committee of the Legislature; from a governmental subdivision or agency; or from an association having not less than 25 members who will be directly affected, a hearing will be held at a later date. Notice of the hearing will be published in the Montana Administrative Register. Ten percent of those directly affected has been determined to be 209

persons based on 2091 Public Employees' Retirement System Defined Contribution Retirement Plan participants.

7. The Public Employees' Retirement Board maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list shall make a written request that includes the name, e-mail, and mailing address of the person to receive notices and specifies for which program the person wishes to receive notices. Notices will be sent by e-mail unless a mailing preference is noted in the request. Such written request may be mailed or delivered to the contact person in 5 above or may be made by completing a request form at any rules hearing held by the Public Employees' Retirement Board.

8. An electronic copy of this proposal notice is available through the Secretary of State's web site at <http://sos.mt.gov/ARM/Register>. The Secretary of State strives to make the electronic copy of this notice conform to the official version of the notice, as printed in the Montana Administrative Register, but advises all concerned persons that in the event of a discrepancy between the official printed text of the notice and the electronic version of the notice, only the official printed text will be considered. In addition, although the Secretary of State works to keep its web site accessible at all times, concerned persons should be aware that the web site may be unavailable during some periods, due to system maintenance or technical problems.

9. The bill sponsor contact requirements of 2-4-302, MCA, apply and have been fulfilled. The primary bill sponsor was contacted by e-mail and letter on December 1, 2015.

10. With regard to the requirements of 2-4-111, MCA, the Public Employees' Retirement Board has determined that the adoption of the above-referenced rule will not significantly and directly impact small businesses.

/s/ Melanie A. Symons  
Melanie A. Symons  
Chief Legal Counsel  
Rule Reviewer

/s/ Sheena Wilson  
Sheena Wilson  
President  
Public Employees' Retirement Board

Certified to the Secretary of State December 14, 2015.